

EXECUTION COPY

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**2005A SECURED LOAN AGREEMENT**

**Dated as of May 1, 2005**

**Between**

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC  
DEVELOPMENT BANK**

**And**

**CALIFORNIA ENERGY RESOURCES CONSERVATION AND DEVELOPMENT  
COMMISSION**

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## **2005A SECURED LOAN AGREEMENT**

This 2005A SECURED LOAN AGREEMENT (the "Secured Loan Agreement" or "Agreement"), dated as of May 1, 2005, is made and entered into by and between the CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK, an entity within the Business, Transportation and Housing Agency of the State of California (the "Issuer"), and the CALIFORNIA ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION, a commission of the State of California (the "Energy Commission").

### **RECITALS**

WHEREAS, the Issuer was established pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act, constituting Division 1 of Title 6.7 of the California Government Code (commencing with Section 63000 thereof), as now in effect and as it may be amended or supplemented (the "Infrastructure Bank Act");

WHEREAS, since 1979, the Energy Commission has made energy efficiency loans, from the Energy Conservation Assistance Account created pursuant to the Energy Conservation Assistance Act of 1979, California Public Resources Code Division 15, Chapter 5.2 (Sections 25410-25421) (the "Energy Conservation Assistance Act"), to schools, hospitals and public care institutions and units of local government, and since 1986, the Energy Commission has made energy efficiency loans, from the Local Jurisdiction Energy Assistance Account created pursuant to California Public Resources Code Division 15, Chapter 5.4 (Sections 25440-25449.4) (the "Local Jurisdiction Energy Assistance Law") to local jurisdictions, (collectively, as applicable, the "Program"), which loans are repayable from energy savings and any other legally available sources;

WHEREAS, on April 10, 2003, at the request of the Energy Commission, the California Consumer Power and Conservation Financing Authority (the "Authority") issued \$28,005,000 Energy Efficiency Master Trust Revenue Bonds, Series 2003A, to finance the Program;

WHEREAS, the funding for the Authority was eliminated in late 2004 and its obligations assumed by other State agencies, and on October 25, 2004, the Authority assigned to the Issuer its rights and responsibilities with respect to the 2003A Bonds;

WHEREAS, the Issuer, pursuant to the Infrastructure Bank Act, is authorized to provide additional funding for the Program, and the Energy Commission has requested that the Issuer issue a second series of revenue bonds to provide additional funding for the Program; and

WHEREAS, the Issuer has authorized the execution of a 2005A Bond Indenture (as defined herein) to provide for the issuance of a Series of Bonds in a principal amount of \$36,955,000 (the "2005A Bonds") for the purpose of (a) providing funds to the Energy Commission to finance the costs of the design, acquisition, installation and implementation of Projects for Borrowers and (b) paying costs related to the issuance of the 2005A Bonds.

WHEREAS, in order to secure repayment of the 2005A Bonds, the Energy Commission has authorized the execution of this Secured Loan Agreement and authorized the establishment of the trust accounts created under the 2005A Bond Indenture, and the transfer to the custody of the Trustee of an amount sufficient to fund the 2005A Reserve Account established thereunder; and

WHEREAS, the 2005A Bonds will be further secured by the provisions of the Master Trust Agreement (as defined herein).

## **ARTICLE I DEFINITIONS**

**Section 1.1 Definitions.** Unless a different meaning clearly appears from the context, all capitalized terms shall have the meanings set forth in Appendix A.

**Section 1.2 Rules of Interpretation.**

(a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders.

(b) Unless the context shall otherwise indicate, the words importing the singular number shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

(c) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles.

(d) All references herein to “generally accepted accounting principles” refer to such principles in effect on the date of the determination, certification, computation or other action to be taken hereunder using or involving such terms.

(e) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to be the designated Articles, Sections and other subdivisions of this instrument as executed.

(f) The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Secured Loan Agreement as a whole and not to any particular Article, Section or other subdivision.

(g) The Article and section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

(h) Whenever an item or items are listed after the word “including” or “include,” such listing is not intended to be a listing that excludes items not listed.

(i) All approvals, notices, consents and other actions of the Energy Commission under this Secured Loan Agreement (other than the execution of this Secured Loan Agreement

and any amendments hereto) shall be executed by an Energy Commission Representative or designee, such designation to be made by a written instrument delivered to the Issuer and the Trustee.

## **ARTICLE II REPRESENTATIONS AND WARRANTIES**

**Section 2.1 Representations by the Issuer.** The Issuer represents and covenants as follows:

(a) the Issuer is an entity within the Business, Transportation and Housing Agency of the State of California with the lawful power and authority to enter into this Secured Loan Agreement, the 2005A Bond Indenture and the Master Trust Agreement (collectively the “Issuer Documents”) acting by and through its duly authorized officers;

(b) one or more resolutions authorizing the execution, delivery and performance of the Issuer Documents and the 2005A Bonds have been duly adopted by the Issuer and have not been modified, amended or repealed;

(c) the Issuer Documents have been duly authorized, executed and delivered by the Issuer and constitute the valid and binding obligation of the Issuer enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights, and subject to the exercise of judicial discretion in accordance with general principles of equity;

(d) the execution, delivery and performance of the Issuer Documents by the Issuer will not constitute a default under any indenture, mortgage, deed of trust, lease or agreement or other instrument executed by the Issuer or by which it or any of its property is bound, or any applicable law, rule, regulation or judicial proceeding; and

(e) to the best knowledge of the Issuer, there are no consents, permits, licenses or approvals of any governmental authority or regulatory body (other than those previously obtained) required for the execution, delivery or performance by it of the Issuer Documents, or the issuance of the 2005A Bonds, other than with respect to any securities laws or Blue Sky requirements of any jurisdiction with respect to the sale of the 2005A Bonds.

**Section 2.2 Representations and Warranties by Energy Commission.** The Energy Commission represents and covenants as follows:

(a) the Energy Commission is a State commission duly organized and existing under the laws of the State with lawful power and authority to enter into this Secured Loan Agreement, to pledge the 2005A Collateral to secure payment of the Secured Loan made hereunder, and to apply the proceeds of the 2005A Bonds to make Program Loans to eligible public entities;

(b) one or more resolutions approving the issuance of the 2005A Bonds and authorizing the execution, delivery and performance of this Secured Loan Agreement and approving the Master Trust Agreement have been duly adopted by the Energy Commission and have not been modified, amended or repealed;

(c) this Secured Loan Agreement has been duly authorized, executed and delivered by the Energy Commission, and the Energy Commission has duly approved the Master Trust Agreement, and assuming due authorization, execution and delivery of such documents by the other parties hereto or thereto, are valid and binding obligations of the parties thereto, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, and to the exercise of judicial discretion in accordance with general principles of equity;

(d) the 2005A Program Loan Agreements have been duly authorized, executed and delivered by the Energy Commission, and assuming due authorization, execution and delivery of such documents by the Borrowers thereto, are valid and binding obligations of the parties thereto, in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, and to the exercise of judicial discretion in accordance with general principles of equity; the Energy Commission is the sole owner of its rights and obligations under the 2005A Program Loans Agreements; and the Energy Commission has not assigned, pledged or encumbered, or created any lien upon its rights under the 2005A Program Loan Agreements, except as created hereunder;

(e) all 2005A Program Loans are fully disbursed Program Loans or, if partially disbursed, the Energy Commission has encumbered an amount sufficient to complete the funding of all 2005A Program Loans.

(f) the execution, delivery and performance of this Secured Loan Agreement by the Energy Commission, or its approval of the 2005A Bond Indenture and the Master Trust Agreement, will not (i) violate any material provision of any applicable law or regulation or any order, writ, judgment or decree of any court, arbiter or governmental authority, nor (ii) result in a breach of any of the terms of, or constitute a default under, any indenture, mortgage, deed of trust, lease or agreement or other instrument to which the Energy Commission is a party or by which it or any of its property is bound or any applicable law, rule or regulation;

(g) to the best knowledge of the Energy Commission, there are no consents, permits, licenses or approvals of any governmental authority or regulatory body (other than those previously obtained) required for the execution, delivery or performance by it of this Secured Loan Agreement, or its approval of the 2005A Bond Indenture and the Master Trust Agreement or the issuance of the 2005A Bonds, other than with respect to any securities laws or Blue Sky requirements of any jurisdiction with respect to the sale of the 2005A Bonds; and

(h) the Energy Commission consents to the terms of the 2005A Bonds, the 2005A Bond Indenture and the Master Trust Agreement, which consent is conclusively established by its execution and delivery of this Secured Loan Agreement, provided, however, that the Energy Commission shall not be obligated to provide any indemnity thereunder or hereunder except as permitted by law and shall not be obligated to make any payment thereunder or hereunder except from the 2005A Collateral.

### **ARTICLE III ISSUANCE OF 2005A BONDS; REPAYMENTS**

#### **Section 3.1 Making of the Secured Loan; Issuance of the 2005A Bonds; Deposit into 2005A Reserve Account.**

(a) Simultaneously with the delivery of this Agreement, the Issuer shall issue and deliver the 2005A Bonds to provide it with funds to be loaned to the Energy Commission pursuant to this Agreement. The 2005A Bonds shall be issued in accordance with the 2005A Bond Indenture, and the proceeds thereof shall be applied as provided in the 2005A Bond Indenture. Also, simultaneously with the delivery of this Agreement, the Energy Commission will deposit into the 2005A Reserve Account an amount equal to the initial 2005A Reserve Requirement in immediately available funds.

(b) Upon the terms and conditions of this Secured Loan Agreement, the Issuer hereby makes a loan to the Energy Commission in the principal amount of \$36,955,000 (the "Secured Loan"), the same being the initial principal amount of the 2005A Bonds. The Secured Loan shall be deemed to have been made when the proceeds of the sale of the 2005A Bonds are delivered to the Trustee. The proceeds of the Secured Loan, together with other available funds, shall be used to (i) fund additional Program Loans authorized under the Energy Conservation Assistance Act, and (ii) pay the Costs of Issuance in connection with the issuance of the 2005A Bonds. For the purposes of this Agreement, the amount of any underwriters' discount on the 2005A Bonds shall be deemed to have been loaned to the Energy Commission hereunder.

(c) The Energy Commission hereby accepts the Secured Loan and agrees to repay the Secured Loan in accordance with the provisions of this Agreement.

**Section 3.2 Limited Liability of Energy Commission.** Notwithstanding any other provision or obligation to the contrary contained in this Agreement or any other related document, the liability of the Energy Commission under this Agreement to make Secured Loan Repayments and Additional Payments to any person, including but not limited to the Trustee or the Issuer and their successors and assigns, is limited to the 2005A Collateral. The Energy Commission shall not be liable to make payments under this Agreement from any other account or fund not comprising the 2005A Collateral. The obligations arising under this Agreement shall not be deemed to constitute a debt or liability of the State or of any political subdivision thereof, other than the limited obligation of the Energy Commission to the extent provided hereunder, or a pledge of the faith and credit of the State or of any political subdivision thereof.

**Section 3.3 Obligation to Make Secured Loan Repayments and Additional Payments.** The Energy Commission shall make all Secured Loan Repayments and Additional Payments, but only from the 2005A Collateral, when due. The Energy Commission will pay without abatement, diminution or deduction (whether for taxes or otherwise) all such amounts regardless of any cause or circumstance whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim that the Energy Commission may have or assert against the Issuer, the Trustee or any other Person.



### **Section 3.4 Secured Loan Repayments.**

(a) Subject to Section 3.2, the Energy Commission agrees to make Secured Loan Repayments at the times and in the amounts sufficient in the aggregate to pay in full all 2005A Bonds issued under the 2005A Bond Indenture, together with all interest thereon. Exhibit B represents the form of Bond Issuance Certificate to be delivered by the Energy Commission on the Date of Delivery of the 2005A Bonds. The schedule(s) attached to such Bond Issuance Certificate shall in no way diminish the obligations of the Energy Commission hereunder.

(b) The Secured Loan Repayments shall be due and payable, but only from the 2005A Collateral, in accordance with this Section 3.4 and Section 3.7(d) hereof. With respect to each date on which the principal of and the interest on the 2005A Bonds is payable, the Energy Commission agrees to pay:

(i) all interest which will become due and payable on the 2005A Bonds on such date; and

(ii) the principal amount of the 2005A Bonds, if any, which will become due and payable on such date.

(c) Prior to March 1, 2015, the Energy Commission shall not have any right to prepay the Secured Loan.

**Section 3.5 Additional Payments under this Agreement.** In addition to Secured Loan Repayments, the Energy Commission agrees to pay, as Additional Payments, but solely from the 2005A Collateral, all Trustee Priority Administrative Expenses, Issuer Priority Administrative Expenses, and Subordinate Administrative Expenses (as defined in Appendix A hereto). Such Additional Payments shall be made in the priority established under the 2005A Bond Indenture.

**Section 3.6 Energy Commission's Payments as Trust Funds.** All deposits or payments under this Agreement made by or on behalf of the Energy Commission to the Trustee shall be and constitute trust funds, whether held by the Energy Commission, the Trustee, the bond registrar or any bank or trust company designated for such purpose, and shall continue to be impressed with a trust until such money is applied in the manner provided in this Agreement, the 2005A Bond Indenture or the Master Trust Agreement.

### **Section 3.7 Pledge and Transfer of 2005A Program Loan Repayments.**

(a) As security for the repayment of the Secured Loan and the performance by the Energy Commission of its obligations hereunder, the Energy Commission, for security purposes and not as an absolute transfer, pledges and assigns to, and grants a security interest in, for the benefit of the Issuer and its successors and assigns, subject to Energy Commission Retained Rights (i) all right, title and interest in and to all 2005A Program Loan Repayments and all other proceeds arising from the 2005A Program Loans, (ii) all amounts held from time to time in the 2005A Loan Repayment Account, the 2005A Debt Service Account, the 2005A Reserve Account and the 2005A Surplus Repayments Account established under the 2005A Bond

Indenture, and (iii) all amounts held under the Master Trust Agreement which are available for payment of the 2005A Bonds (collectively the “2005A Collateral”).

(b) The pledge effected by this Secured Loan Agreement will be valid and binding from the date of execution and delivery of this Secured Loan Agreement without the need for recordation or other filing; the moneys so pledged and hereafter received by the Energy Commission, the Issuer or the Trustee will be subject to the lien of such pledge and assignment; and such lien will be a continuing, irrevocable and exclusive first lien and will be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Energy Commission, the Trustee or the Issuer irrespective of whether such parties have notice thereof.

(c) The Energy Commission covenants and agrees that it will not take any action that will adversely affect the Issuer’s or the Trustee’s right or ability to receive 2005A Program Loan Repayments nor create any other pledge, assignment or lien upon the 2005A Collateral, nor will it amend any 2005A Program Loan Agreement in any way that materially diminishes any right or privilege of the Energy Commission, except as expressly permitted hereunder.

(d) In order to assure the prompt and timely payment of all amounts due hereunder, the Energy Commission agrees that, on and after the Date of Delivery, it will transfer to the Trustee for deposit into the 2005A Loan Repayment Account established pursuant to Section 402 of the 2005A Bond Indenture, promptly after receipt thereof, all 2005A Program Loan Repayments and any other amounts received with respect to the 2005A Program Loans, or it will cause the 2005A Program Loan Repayments to be transmitted directly to the Trustee by the Borrowers under the 2005A Program Loans.

(e) At least 2 Business Days prior to each Bond Payment Date, the Energy Commission shall deliver to the Trustee and the Issuer a statement showing, for each 2005A Program Loan, all payments received since the last such statement, or since the Date of Delivery (in the case of the first such statement), specifically itemizing (i) the amount of any regularly scheduled principal and interest paid with respect to such loan, (ii) the amount of any prepayment of such loan, (iii) the outstanding principal balance of such loan as of the date of such statement, and (iv) if applicable, whether such loan is delinquent and in what amount.

### **Section 3.8 Release, Addition and Modification of 2005A Program Loans.**

(a) The Energy Commission may at any time obtain a release of any 2005A Program Loan from the lien of this Agreement or add another Program Loan meeting the requirements of this Section 3.8 by delivering to the Trustee, the Issuer and any Rating Agency the following: (i) a revised Exhibit A to this Agreement, (ii) a certificate stating that such Program Loan satisfies the requirements of this Section 3.8, and (iii) a Cash Flow Certificate, the form of which is attached hereto as Exhibit C.

(b) The Energy Commission may modify the payment provisions of any 2005A Program Loan if the Energy Commission provides to the Issuer and the Trustee a certification to the effect that (i) such modification is an extension of the scheduled completion date set forth in the 2005A Program Loan Agreement prior to finalization of the amortization

schedule for such 2005A Program Loan; (ii)(A) the Borrower under the 2005A Program Loan is not experiencing “energy savings” as required under the Energy Conservation Assistance Act and/or the terms of the 2005A Program Loan Agreement in amounts sufficient to support the repayment of the 2005A Program Loan as scheduled, and (B) the modifications to the 2005A Program Loan are necessary to assure continued payments under and the continued enforceability of the 2005A Program Loan; or (iii) the 2005A Cash Flow Certificate can be complied with and delivered after taking such modification into effect. In its discretion, but subject to the terms of this Agreement, including but not limited to Sections 3.7(c) and 5.1, the Energy Commission may modify any provisions of any 2005A Program Loan other than payment provisions.

(c) The Trustee will execute such consents to releases, additions or modifications and such other instruments as the Energy Commission may reasonably request in order to evidence the release of any 2005A Program Loan from the pledge and lien of this Agreement but only upon receipt of the items set forth in Section 3.8(a) or Section 3.8(b), as applicable, and Section 3.8(d). The Trustee may conclusively rely upon the representations set forth in the exhibits and certifications delivered under this Section 3.8. Written acknowledgement by the Trustee of any such release, addition or modification shall constitute its consent thereto.

(d) At the time of any addition or modification of any 2005A Program Loan, the Energy Commission shall certify that any such 2005A Program Loan is a fully disbursed Program Loan or, if partially disbursed, the Energy Commission has set aside in escrow an amount sufficient to complete the funding of the Program Loan, and the pledge thereof will not cause any of the representations of the Energy Commission made hereunder to be incorrect or cause the Energy Commission to be in breach of any other agreement hereunder. If, for any 2005A Program Loan that does not have a final amortization schedule, the amortization schedule assumed in delivering the 2005A Bond Issuance Certificate is modified (as a result of partial disbursement or otherwise) and, as a result of such modification, the requirements of the most recent 2005A Cash Flow Certificate filed by the Energy Commission pursuant to the 2005A Secured Loan Agreement are not satisfied, the Energy Commission will pledge additional Program Loans in accordance with this Section 3.8 or will deposit cash in an amount necessary to satisfy the requirements of the 2005A Cash Flow Certificate.

(e) No release, addition or modification of any 2005A Program Loan shall occur except as expressly provided in this Section 3.8 or Section 3.7(c) hereof.

**Section 3.9 Pledge and Assignment to Trustee.** Simultaneously with the delivery of this Agreement, the Issuer will pledge and assign to the Trustee, as security for the 2005A Bonds, all of the Issuer’s right, title and interest in and to this Secured Loan Agreement (except for the Issuer Retained Rights), including all of its right, title and interest in and to Secured Loan Repayments (except for the Issuer Retained Rights) and the 2005A Program Loan Repayments. The Energy Commission hereby consents to such pledge and assignment and agrees that the Trustee may enforce any and all rights, privileges and remedies of the Issuer under or with respect to this Secured Loan Agreement and the 2005A Program Loans.

## **ARTICLE IV FUNDS AND ACCOUNTS**

**Section 4.1 Creation of Funds and Accounts.** Under the 2005A Bond Indenture, there have been created and ordered to be established, in the custody of the Trustee the following special trust accounts which shall be administered by the Trustee pursuant to the terms of this Agreement and the 2005A Bond Indenture:

- (a) *Loan Repayment Account*, designated “Loan Repayment Account, Series 2005A” (the “2005A Loan Repayment Account”);
- (b) *Debt Service Account*, designated “Debt Service Account, Series 2005A” (the “2005A Debt Service Account”);
- (c) *Reserve Account*, designated “Reserve Account, Series 2005A” (the “2005A Reserve Account”);
- (d) *Surplus Repayments Account*, designated “Surplus Repayments Account, Series 2005A” (the “2005A Surplus Repayments Account”);
- (e) *Cost of Issuance Account*, designated “Cost of Issuance Account, Series 2005A (the “2005A Cost of Issuance Account”);
- (f) *Rebate Account*, designated “Rebate Account, Series 2005A” (the “2005A Rebate Account”); and
- (g) *Bond Proceeds Account*, designated “Bond Proceeds Account, Series 2005A” (the “2005A Bond Proceeds Account”).

Moneys in the foregoing accounts, except the 2005A Rebate Account and the 2005A Bond Proceeds Account, shall be held in trust for the benefit of the 2005A Bondholders.

### **Section 4.2 2005A Loan Repayment Account**

(a) The Energy Commission shall transfer to the Trustee (or cause the 2005A Program Loan Repayments to be transmitted directly to the Trustee) for deposit into the 2005A Loan Repayment Account the amounts required by Section 3.7(d) hereof. All interest earnings on investment held for the credit of the 2005A Loan Repayment Account will be included in the amount transferred to the 2005A Debt Service Account in accordance with Section 4.2(b).

(b) Not later than the Bond Payment Transfer Date, the Trustee shall transfer to the 2005A Debt Service Account held under the 2005A Bond Indenture the amount required, after taking into account any interest earnings on the 2005A Debt Service Account which will be on deposit in the 2005A Debt Service Account as of such Bond Payment Transfer Date, to pay principal and interest on the 2005A Bonds due on such Bond Payment Date.

(c) If on the Bond Payment Transfer Date, there are insufficient moneys in the 2005A Loan Repayment Account to make the transfer required by clause (b) of this Section 4.2, the Trustee shall transfer, first, from the 2005A Surplus Repayments Account, and then from the 2005A Reserve Account, the amount of such deficiency.

(d) If on any Bond Payment Transfer Date, there are insufficient amounts to make the transfer required by clause (b) above, after making the transfer from the 2005A Surplus Repayments Account and the 2005A Reserve Account, the Trustee shall immediately notify the Energy Commission of the amount of any shortfall and, in accordance with Section 303 of the Master Trust Agreement, the Trustee shall transfer from the Master Reserve Account and deposit into the 2005A Debt Service Account any amounts available to pay any principal or interest on the 2005A Bonds on the Bond Payment Date.

(e) Immediately following the transfer described in clause (b) above, and following payment of all Priority Administrative Expenses then due (to the extent any Priority Administrative Expenses have not been paid from the Master Administrative Expense and Surplus Account under the Master Trust Agreement), on each Bond Payment Transfer Date, the Trustee shall transfer from the 2005A Loan Repayment Account to the 2005A Reserve Account any amount which is available and necessary to cause the amount in the 2005A Reserve Account to equal the 2005A Reserve Requirement.

(f) All amounts on deposit in the 2005A Loan Repayment Account, after making the transfers required by clauses (b) and (e) above, shall remain in the 2005A Loan Repayment Account, up to the amount required to be on deposit in the 2005A Debt Service Account on the next succeeding Bond Payment Date (so long as such Bond Payment Date is March 1 of the same Bond Year). All amounts in the 2005A Loan Repayment Account in excess of this amount shall be transferred on each Bond Payment Transfer Date into the 2005A Surplus Repayments Account.

(g) In determining the amounts to be transferred to or from any fund or account pursuant to this Section 4.2, the Trustee shall rely upon a certificate of an Energy Commission Representative, and the Energy Commission covenants to provide such certificates on a timely basis so as to permit the Trustee to comply with this Section 4.2.

#### **Section 4.3 2005A Debt Service Account.**

Moneys deposited in the 2005A Debt Service Account shall be applied by the Trustee solely to pay interest on and principal of the 2005A Bonds as the same becomes due. Any excess amounts remaining after such payment on any Bond Payment Date shall be transferred to the 2005A Surplus Repayments Account on such Bond Payment Date.

#### **Section 4.4 2005A Reserve Account.**

(a) The Trustee will deposit into the 2005A Reserve Account, on each Bond Payment Transfer Date, the amounts required by Section 4.2(e) hereof. All interest earnings on investments held for the credit of the 2005A Reserve Account shall be transferred to the 2005A Loan Repayment Account on the Business Day preceding each Bond Payment Transfer Date.

(b) Funds on deposit in the 2005A Reserve Account will be used, as provided in Section 4.2(c) hereof, to pay debt service on the 2005A Bonds in the event moneys on deposit in the 2005A Debt Service Account and 2005A Surplus Repayments Account are insufficient to pay the principal and interest on the 2005A Bonds as the same become due.

(c) On the Business Day prior to each Bond Payment Date, and after making or providing for any transfers described in clause (b) above, the Trustee shall transfer from the 2005A Reserve Account to the Master Reserve Account any amount in excess of the 2005A Reserve Requirement, determined as of such Bond Payment Date.

(d) So long as the amount on deposit in the 2005A Reserve Account shall equal the 2005A Reserve Requirement, no further deposits to the 2005A Reserve Account shall be required. If the Trustee ever withdraws funds from the 2005A Reserve Account to prevent a default as herein provided, and the withdrawal of such funds reduces the amount on deposit in the 2005A Reserve Account to less than the 2005A Reserve Requirement, the Trustee shall hold, in the Master Reserve Account, an amount equal to this Reserve Deficiency, to the extent of available funds. If the 2005A Reserve Account is subsequently replenished from 2005A Program Loan Repayments, the Trustee shall release the amount so held in the Master Reserve Account in accordance with Section 303 of the Master Trust Agreement.

**Section 4.5 2005A Surplus Repayments Account.** Amounts on deposit in the 2005A Surplus Repayments Account shall be transferred to the 2005A Debt Service Account on any Bond Payment Transfer Date to the extent such amounts are required to pay principal and interest on the 2005A Bonds coming due on the applicable Bond Payment Date as provided in Section 4.2(c) hereof.

Subject to the foregoing, and after receipt of the 2005A Cash Flow Certificate described below, on the second Business Day preceding each Bond Payment Date, the Trustee shall transfer, from the 2005A Surplus Repayments Account for deposit into the Master Reserve Account, the amount in the 2005A Surplus Repayments Account in excess of the amount necessary to deliver the 2005A Cash Flow Certificate, the form of which is attached hereto as Exhibit C and which, in accordance with Section 5.2 hereof, the Energy Commission covenants to deliver to the Trustee and the Issuer at least 2 Business Days prior to each Bond Payment Date.

**Section 4.6 2005A Cost of Issuance Account.** Amounts on deposit in the 2005A Cost of Issuance Account shall be paid out from time to time by the Trustee to pay the Costs of Issuance upon receipt of a requisition of the Issuer in substantially the form attached hereto as Exhibit D stating the Person to whom the payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said account. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein, and the Trustee shall have no duty to confirm the accuracy of such facts. At such time as the Trustee is advised in writing by an Issuer Representative that all Costs of Issuance have been paid, and in any case not later than six months from the Date of Delivery of the 2005A Bonds, the Trustee shall notify the Energy Commission of the balance in the 2005A Cost of Issuance Account and shall transfer any moneys remaining in the 2005A Cost of Issuance Account into the 2005A Bond Proceeds Account, and the 2005A Cost of Issuance Account shall be closed.

**Section 4.7 2005A Rebate Account.** Pursuant to the Tax Agreement, the Energy Commission has covenanted to calculate and to pay directly to the government of the United States of America all amounts due for payment of “arbitrage rebate” under Section 148(f) of the Internal Revenue Code with respect to the 2005A Bonds. Accordingly, no amounts shall initially be deposited in the 2005A Rebate Account, provided, however, that the Energy Commission may in the future request the Trustee to deposit in the 2005A Rebate Account amounts held in any fund or account under the 2005A Bond Indenture (which direction shall specify the procedures for collection and payment of amounts due in respect of arbitrage rebate). The 2005A Rebate Account is a trust fund, but amounts therein are not pledged to the payment of the 2005A Bonds. Amounts on deposit in the 2005A Rebate Account may be used solely to make payments to the United States of America under Section 148 of the Internal Revenue Code. Any amounts remaining in the 2005A Rebate Account upon satisfaction of all rebate obligations payable to the United States shall be transferred to the 2005A Loan Repayment Account.

**Section 4.8 2005A Bond Proceeds Account.** The Trustee shall deposit into the 2005A Bond Proceeds Account the net proceeds of the 2005A Bonds, after deposit of the amounts, if any, required hereunder into the 2005A Cost of Issuance Account. Moneys on deposit in the 2005A Bond Proceeds Account shall be disbursed by the Trustee to fund Program Loans to public entities, as directed by an Energy Commission Representative in an Officer’s Certificate. The 2005A Bond Proceeds Account is a trust fund dedicated to making additional Program Loans to public entities, but amounts therein are not pledged to the payment of the 2005A Bonds.

At such time as the Trustee receives an Officer’s Certificate from the Energy Commission in substantially the form attached hereto as Exhibit E stating that a Program Loan Agreement has been fully executed by a Borrower, the loan number, the name of the Borrower and the amount of such Program Loan, the Trustee shall transfer the amount of such Program Loan from the 2005A Bond Proceeds Account to a separate subaccount that the Trustee shall establish and maintain within the 2005A Bond Proceeds Account, designated as the “\_\_\_\_\_ 2005A Bond Proceeds Subaccount,” inserting therein the name of the Borrower and the loan number. Moneys on deposit in each Borrower’s 2005A Loan Proceeds Subaccount will be disbursed to the Borrower upon receipt by the Trustee of a requisition of the Energy Commission in substantially the form attached hereto as Exhibit F.

**Section 4.9 Investments.** Moneys held by the Trustee in each of the accounts held under the 2005A Bond Indenture shall be invested pursuant to Section 411 of the 2005A Bond Indenture.

## **ARTICLE V FURTHER AGREEMENTS**

**Section 5.1 Covenant to Maintain Tax Status.** The Energy Commission covenants and agrees that it will not take any action or permit any action to be taken that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 2005A Bonds and will take whatever action (including, but not limited to the enforcement of any applicable provisions in any loan agreement funded with 2005A Bond proceeds), or refrain from whatever action, necessary to comply with the requirements of the Internal Revenue Code to

maintain the exclusion from gross income, for federal income tax purposes, of the interest on the 2005A Bonds, including all provisions of Section 505 of the 2005A Bond Indenture. The Energy Commission will not permit the use of any portion of the proceeds of the 2005A Bonds to be used in a manner that would cause any 2005A Bond to become a “private activity bond” as defined in the Internal Revenue Code.

**Section 5.2 Provision of Cash Flow Certificate; Covenant to Pledge Additional Program Loans.** The Energy Commission covenants to provide a 2005A Cash Flow Certificate to the Trustee and the Issuer at least 2 Business Days prior to each Bond Payment Date and at other times as required by this Secured Loan Agreement, including but not limited to Section 3.8 hereof. The Energy Commission further covenants that if, for any 2005A Program Loan that does not have a final amortization schedule, the amortization schedule assumed in delivering the 2005A Bond Issuance Certificate is modified (as a result of partial disbursement or otherwise) and, as a result of such modification, the requirements of the most recent 2005A Cash Flow Certificate filed by the Energy Commission pursuant to the 2005A Secured Loan Agreement are not satisfied, the Energy Commission will pledge additional Program Loans in accordance with Section 3.8 or will deposit cash in an amount necessary to satisfy the requirements of the 2005A Cash Flow Certificate.

**Section 5.3 Further Assurances and Instruments.** The Energy Commission and the Issuer agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further instruments as may reasonably be required for carrying out the intention or facilitating the performance of this Agreement. Pursuant to Section 1004 of the 2005A Bond Indenture, the Issuer has agreed to execute, acknowledge and deliver such documents as may be necessary to protect the interests of Owners of the 2005A Bonds.

Without limiting the generality of the foregoing, the Energy Commission, at the Energy Commission’s expense, shall promptly procure, execute and deliver to the Issuer all documents, instruments and agreements and perform all acts which are necessary, in the judgment of the Issuer or the Trustee, to establish, maintain, continue, preserve, protect and perfect the grant of security interest in, and pledge of, the 2005A Program Loan Repayments and other 2005A Collateral, or for the Trustee to exercise and enforce its rights and remedies hereunder or under the 2005A Bond Indenture. Without limiting the generality of the preceding sentence, the Energy Commission shall (i) procure, execute and deliver to the Trustee all endorsements, assignments, financing statements and other instruments of transfer requested by the Trustee, and (ii) take or cause to be taken such actions as may be necessary to perfect the lien of the Issuer in the 2005A Collateral.

The Issuer, in the case of (a), and the Trustee, in the case of (b), shall give notice to each Rating Agency if (a) the Trustee under the 2005A Bond Indenture or under the Master Trust Agreement resigns or is removed, or if a new Trustee is appointed, or (b) if any amendment is made to the 2005A Bond Indenture or the Master Trust Agreement.

**Section 5.4 Enforcement of 2005A Program Loan Agreements; Further Acts.** The Energy Commission shall enforce the provisions of the 2005A Program Loans against the Borrowers. The Energy Commission shall not take any action that shall adversely affect the



Issuer's or the Trustee's ability to receive payments made under, or other proceeds of, the 2005A Program Loans. The Energy Commission hereby represents, and shall so certify as of the Date of Delivery of the 2005A Bonds, that 2005A Program Loan Repayments have in the past been paid, and are projected in the future, to be paid solely from energy savings as determined by the Energy Commission in accordance with the Energy Conservation Assistance Act or from other legally available sources. All expenses of the Energy Commission incurred to enforce the 2005A Program Loans shall be paid by the Energy Commission and, to the extent of available revenues from the 2005A Collateral, shall be reimbursed to the Energy Commission as Subordinate Administrative Expenses.

**Section 5.5 Books and Records; Audits.** The Energy Commission shall maintain, until the end of the sixth year after any 2005A Bond is Outstanding, separate and apart from all other records and accounts, proper books, records and accounts in which complete and correct entries will be made of all dealings and transactions in relation to 2005A Program Loans and all funds and accounts established hereunder or under the 2005A Bond Indenture. Such accounts shall show the amount of 2005A Program Loan Repayments or other amounts received with respect to each 2005A Program Loan and the date of each remittance of such amounts to the Trustee. These books shall be kept by the Energy Commission according to generally accepted accounting principles and standard accounting practices as applicable.

The Energy Commission's books, records and accounts for the 2005A Program Loans and all funds and accounts established hereunder or under the 2005A Bond Indenture shall be audited in accordance with auditing standards and accounting principles generally accepted in the United States, as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board at least annually by independent certified public accountants selected by the Energy Commission. A copy of each audit report, including statements of net assets, activities and cash flow, and notes to financial statements, shall be filed with the Issuer and the Trustee as soon as they become available, but in no event later than 9 months after the close of the Energy Commission's fiscal year and sent to any 2005A Owner filing with the Energy Commission a written request therefor.

The Energy Commission shall at any and all reasonable times, upon the written request of the Issuer, the Trustee or the Original Purchaser, permit the Issuer, the Trustee or the Original Purchaser by their representatives to inspect the books of account, records, reports and other papers of the Energy Commission relating to the 2005A Bonds and this Secured Loan Agreement, except personnel records and any other confidential records, and to take copies and extracts therefrom, and will afford and procure a reasonable opportunity to make any such inspection. The Energy Commission shall furnish to the Issuer, the Trustee and the Original Purchaser (in the case of the Original Purchaser, at the Original Purchaser's expense) any and all information as the Issuer, the Trustee or the Original Purchaser may reasonably request, in order to enable the requesting party to make any reports required by law, governmental regulations or this Secured Loan Agreement in connection with any Series of Bonds and to determine whether the covenants, terms and provisions of this Secured Loan Agreement have been complied with by the Energy Commission.

**Section 5.6 Continuing Disclosure.** Under the Continuing Disclosure Agreement between the Energy Commission and the Trustee, as Dissemination Agent, or other

dissemination agent acceptable to the Issuer and the Energy Commission, the Energy Commission has undertaken responsibility for compliance with continuing disclosure requirements with respect to Securities and Exchange Commission Rule 15c2-12. Information pertaining to the Issuer, as conduit Issuer of the 2005A Bonds, is not subject to continuing disclosure obligations. The Energy Commission hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement.

Furthermore, the Energy Commission covenants and agrees that, if at the time of any release, addition or modification of a 2005A Program Loan pursuant to Section 3.8 hereof, any Borrower's aggregate Program Loans represent more than 10% of the aggregate principal amount of all Program Loans pledged as Collateral to any Series of Bonds, then such a Borrower will be a "Material Participant" for purposes of this 2005A Secured Loan Agreement and an "Obligated Person" within the meaning of Securities and Exchange Commission Rule 15c2-12, and as such will be required to execute and file with the Energy Commission a continuing disclosure agreement, with the Trustee as dissemination agent, or other dissemination agent acceptable to the Issuer and the Energy Commission, under which such Material Participant will be required to file annual reports containing required financial and operating information and notices of certain events on an ongoing basis in accordance with Securities and Exchange Commission Rule 15c2-12, so long as such Borrower remains a Material Participant.

## **ARTICLE VI EVENTS OF DEFAULT AND REMEDIES**

**Section 6.1 Events of Default.** The following shall be "Events of Default" under this Agreement, and the term "Events of Default" shall mean, whenever used with reference to this Agreement, any one or more of the following occurrences:

(a) Default in the full and timely payment of any Secured Loan Repayment as set forth in Section 3.4 of this Agreement; and

(b) Default in the performance, observation or compliance with any of the other covenants, agreements, conditions or provisions in this Agreement and the continuance thereof for a period of 60 days after receipt by the Energy Commission of a written notice from the Issuer or the Trustee specifying such default and requesting that it be corrected; provided, however, if prior to the expiration of such 60-day period the Energy Commission institutes action reasonably designed to cure such default, no Event of Default shall be deemed to have occurred upon the expiration of such 60-day period for so long as the Energy Commission pursues such curative action with reasonable diligence and provided that such curative action can reasonably be expected to be completed within a reasonable time.

**Section 6.2 Notice to and by the Energy Commission.** Upon the occurrence of an Event of Default, the Trustee shall give prompt written notice to the Energy Commission specifying the nature of the Event of Default. The Energy Commission shall give the Issuer and the Trustee notice of all events of which it is aware that either constitute Events of Default under this Agreement or, upon notice by the Issuer or the Trustee or the passage of time or both, would constitute Events of Default hereunder.

### **Section 6.3 Remedies.**

(a) Whenever any Event of Default hereunder shall have happened and be continuing, the Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, but solely from the 2005A Collateral, or to enforce observance or performance of any covenant, condition or agreement of the Energy Commission under this Secured Loan Agreement.

(b) Any amounts collected pursuant to action taken under this Section 6.3 shall be applied as described in Section 605 of the 2005A Bond Indenture.

**Section 6.4 Remedies Not Exclusive.** No remedy conferred upon or reserved to the Trustee in connection with the Secured Loan to the Energy Commission pursuant to this Agreement is intended to be exclusive of any other available remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy either given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as it may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

**Section 6.5 Attorneys' Fees and Expenses.** If an Event of Default shall occur and the Trustee or the Issuer shall employ attorneys or incur other necessary expenses for the collection of payments due hereunder or for the enforcement of performance or observance of any obligation or agreement on the part of the Energy Commission contained herein, the Energy Commission will on demand therefor reimburse the reasonable fees of such attorneys and such other expenses so incurred as Trustee Priority Administrative Expenses with regard to the Trustee and as Issuer Priority Administrative Expenses with regard to the Issuer. All such amounts reimbursed or paid by the Energy Commission shall be payable solely from the 2005A Collateral.

**Section 6.6 Waivers.** In the event that any agreement contained herein shall be breached by either party and such breach shall thereafter be waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the Issuer's rights under and interest in this Agreement to the Trustee by the provisions of the 2005A Bond Indenture, the Issuer shall have no power to waive any material default hereunder by the Energy Commission without the consent of the Trustee to such waiver. In determining whether any default is material hereunder, the Issuer may rely on an Opinion of Bond Counsel.

## **ARTICLE VII MISCELLANEOUS**

**Section 7.1 Termination.** This Agreement shall terminate upon (i) full payment of the 2005A Bonds, all amounts needed to meet any rebate requirement, and all Additional Payments, including (without limitation) interest and other charges, if any, thereon. Upon such

termination, any amounts remaining in the funds and accounts held by the Trustee not needed for payment of the aforesaid items shall belong to and be paid to the Energy Commission by the Trustee in accordance with the provisions of the 2005A Bond Indenture.

**Section 7.2 Amendment of Agreement.** This Agreement may, without the consent of or notice to any of the 2005A Owners, be amended in writing by both parties hereto, so long as any such amendment shall not, in the opinion of Bond Counsel, materially adversely affect the interests of the Owners of the 2005A Bonds or impair the exclusion from gross income, for federal income tax purposes, of the interest on the 2005A Bonds and exemption from State personal income taxation, for purposes which may include, but are not limited to:

(a) curing any ambiguity or formal defect or omission in this Agreement or in any supplement thereto;

(b) granting to or confer upon the Trustee for the benefit of the 2005A Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the 2005A Owners or the Trustee; and

(c) adding conditions, limitations and restrictions on the Energy Commission to be observed thereafter.

Other than amendments referred to in the preceding paragraph of this Section and subject to the terms and provisions and limitations contained in Section 805 of the 2005A Bond Indenture and not otherwise, the Owners of not less than 51% in aggregate principal amount of the 2005A Bonds then Outstanding shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to consent to and approve the execution by the Energy Commission and the Issuer of such supplements and amendments hereto as shall be deemed necessary and desirable by the Trustee and the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein; provided, however, nothing in this Section shall permit or be construed as permitting a supplement or amendment which would:

(i) extend the stated maturity of or time for paying principal of or interest on the Secured Loan or reduce the principal amount of or rate of interest payable on the Secured Loan without the consent of the Owners of all 2005A Bonds then Outstanding or remove the security interest in the 2005A Collateral granted pursuant to Section 3.7; or

(ii) reduce the aggregate principal amount of 2005A Bonds then Outstanding, the consent of the Owners of which is required to authorize such supplement or amendment without the consent of the Owners of all 2005A Bonds then Outstanding.

**Section 7.3 Authorized Issuer Representative.** Whenever under the provisions of this Agreement the approval of the Issuer is required or the Issuer is required to take some action at the request of the Energy Commission, such approval shall be given or such action shall be taken by an Issuer Representative; and the Energy Commission and the Trustee shall be authorized to act on any such approval or action.

**Section 7.4 Authorized Energy Commission Representative.** Whenever under the provisions of this Agreement the approval of the Energy Commission is required or the Energy Commission is required to take some action at the request of the Issuer, such approval shall be given or such action shall be taken by an Authorized Energy Commission Representative; and the Issuer and the Trustee shall be authorized to act on any such approval or action.

**Section 7.5 Notices.** All notices, certificates, requests or other communications between the Issuer, the Trustee, the Energy Commission and the Rating Agency required to be given hereunder or under the 2005A Bond Indenture shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or sent by overnight delivery service addressed as follows:

If to the Issuer:	California Infrastructure and Economic Development Bank 1001 I Street, 19th Floor Sacramento, California 95814 Attention: Bond Manager
If to the Energy Commission:	California Energy Commission 1516 Ninth Street, MS 39 Sacramento, California 95814 Attention: Executive Director
If to the Trustee:	J.P. Morgan Trust Company, National Association 560 Mission Street, 13th Floor San Francisco, California 94105 Attention: Corporate Trust Administration
If to the Rating Agency:	Moody's Investors Service 99 Church Street New York, New York 10007 Attention: Rating Surveillance

Any of such addresses may be changed at any time upon written notice of such change sent by United States registered mail, postage prepaid, to the other parties by the party effecting the change.

If, because of the temporary or permanent suspension of mail service or for any other reason, it is impossible or impractical to mail any notice in the manner herein provided, then such delivery of notice in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient notice.

If notice to 2005A Owners is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular 2005A Owner shall affect the sufficiency of such notice with respect to other 2005A Owners. Where this Agreement provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers

of notice by 2005A Owners shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

**Section 7.6 Binding Effect.** This Agreement shall inure to the benefit of and shall be binding upon the Issuer and the Energy Commission, and their respective successors and assigns. The Trustee shall be an express third-party beneficiary of this Agreement.

**Section 7.7 If Payment or Performance Date a Legal Holiday.** If the date for making payment, or the last date for performance of any act or the exercising of any right, as provided in this Agreement, shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Agreement.

**Section 7.8 Severability.** In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 7.9 Execution in Counterparts.** This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 7.10 Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California, and any action filed hereunder shall be filed in Sacramento, California, unless waived by the Issuer.

**Section 7.11 Officers of Issuer and Energy Commission Not Liable.** All covenants, stipulations, promises, agreements and obligations of the Issuer contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Issuer and not of any member of its governing board or any officer, agent, servant or employee of the Issuer in his individual capacity, and no recourse shall be had for the payment of the principal or interest on the 2005A Bonds or for any claim based thereon or hereunder against any member of the governing board or any officer, agent or employee of the Issuer or any natural person executing the 2005A Bonds. No member of the Issuer's board of directors or any person executing the 2005A Bonds shall be liable personally on the 2005A Bonds or be subject to any personal liability or accountability by reason of the 2005A Bonds.

All covenants, stipulations, promises, agreements and obligations of the Energy Commission contained herein shall be deemed to be covenants, stipulations, promises, agreements and obligations of the Energy Commission and not of any commissioner, director, officer, agent or employee of the Energy Commission in his individual capacity, and no recourse shall be had for the payment of the Secured Loan or the principal of or interest on the 2005A Bonds or for any claim based thereon or hereunder against any commissioner, director, officer, agent or employee of the Energy Commission. No commissioner, director, officer, agent, or employee of the Energy Commission shall be subject to any personal liability or accountability by reason of the execution of this Secured Loan Agreement or the issuance of the 2005A Bonds.

**Section 7.12 Issuer Not Liable for Certain Actions or Inactions.** Notwithstanding any other provision of this Agreement (a) the Issuer shall not be liable to the Energy Commission, the Trustee, the 2005A Owners or any other Person for any failure of the Issuer to take action under this Agreement, and (b) except with respect to any action for specific performance or any action in the nature of a prohibitory or mandatory injunction, neither the Issuer nor any director of the Issuer or any other official or employee of the Issuer shall be liable to the Energy Commission, the Trustee, the 2005A Owners or any other person for any action taken by it or by its directors, officers, agents or employees, or for any failure to take action under this Agreement or the 2005A Bond Indenture. In acting under this Agreement, or in refraining from acting under this Agreement, the Issuer may conclusively rely on the advice of its legal counsel, including Bond Counsel.

IN WITNESS WHEREOF, the Issuer and the Energy Commission have caused this 2005A Secured Loan Agreement to be executed in their respective names all as of the date first above written.

CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK

By: Stanton C. Hazelroth  
Stanton C. Hazelroth  
Executive Director

Attest:

By: Blake Fowler  
Blake Fowler  
Secretary

CALIFORNIA ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT  
COMMISSION

By: \_\_\_\_\_  
Scott W. Matthews  
Acting Executive Director

Attest:

By: \_\_\_\_\_  
Secretariat



IN WITNESS WHEREOF, the Issuer and the Energy Commission have caused this 2005A Secured Loan Agreement to be executed in their respective names all as of the date first above written.

CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK

By: \_\_\_\_\_  
Stanton C. Hazelroth

Executive Director

Attest:

By: \_\_\_\_\_  
Blake Fowler, Secretary

CALIFORNIA ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT  
COMMISSION

By:  \_\_\_\_\_  
Scott W. Matthews

Acting Executive Director

Attest:

By:  \_\_\_\_\_  
Secretariat

## EXHIBIT A

### INFORMATION ON INITIAL 2005A PROGRAM LOANS

The following table shows certain information on the existing 2005A Program Loans as of April 5, 2005, as initially designated by the Energy Commission. The 2005A Program Loan information in this Exhibit is based on various files maintained by the Energy Commission which are updated periodically. Therefore, additional draws, prepayments or delinquencies may have occurred after the listed date which are not reflected in this Exhibit.

The Energy Commission may release, substitute or modify any of the 2005A Program Loans in accordance with Section 3.8.

#### List of Initial 2005A Program Loans

Loan Number	2005A Borrower	Final/ Authorized Loan Amount <sup>(1)</sup>	Principal Remaining <sup>(2)</sup>	Currently Drawn Amount <sup>(3)</sup>	Interest Rate	Final Maturity Date <sup>(4)</sup>
<i>Loans in Repayment Mode</i>						
029-03-ECA	SANTA ANITA CHURCH d/b/a BARNHART SCHOOL	\$ 28,383	\$ 24,410	N.A.	3.850%	12/22/2007
610-000-EPP	CITY OF OAKLAND	737,634	536,974	N.A.	6.100	12/22/2011
830-000-ECX	DAMERON HOSPITAL	346,351	346,351	N.A.	3.000	6/22/2011
685-000-SMS	MAPLE SCHOOL DISTRICT	14,621	2,322	N.A.	3.120	6/22/2006
864-000-ECA	ST. JOSEPH HEALTH SYSTEM (SOUTHERN CALIFORNIA)	1,546,676	1,260,492	N.A.	3.000	6/22/2010
145-003-EPP	COUNTY OF SAN MATEO	255,480	112,334	N.A.	4.680	12/22/2008
576-001-SMS	LOWELL JOINT SCHOOL DISTRICT	87,668	14,003	N.A.	3.120	6/22/2006
775-000-SMS	LASSEN UNION HIGH SCHOOL	91,952	31,241	N.A.	5.900	6/22/2007
560-002-SMS	COLUSA UNIFIED SCHOOL DISTRICT	17,154	4,835	N.A.	4.430	6/22/2007
001-02-ECA	COUNTY OF SAN DIEGO	1,977,433	1,942,779	N.A.	4.000	12/22/2014
097-011-SMS	CLOVIS UNIFIED SCHOOL DISTRICT	265,116	156,526	N.A.	5.400	12/22/2008
648-000-EPP	COUNTY OF MODOC MEDICAL CENTER	20,537	2,500	N.A.	4.680	6/22/2005
561-000-SMS	ORLAND JOINT UNION HIGH SCHOOL DISTRICT	65,525	4,326	N.A.	6.090	6/22/2005
607-000-EPP	CITY OF HUNTINGTON BEACH	1,116,004	230,389	N.A.	6.100	12/22/2005
405-001-SMS	LEMOORE UNION HIGH SCHOOL DISTRICT	189,369	48,952	N.A.	3.120	6/22/2006
576-000-SMS	LOWELL JOINT SCHOOL DISTRICT	104,030	30,112	N.A.	5.250	6/22/2007
864-001-ECA	ST. JOSEPH HEALTH SYSTEM (NORTHERN CALIFORNIA)	675,042	463,246	N.A.	3.000	12/22/2007
032-03-ECB	PARADISE UNIFIED SCHOOL DISTRICT	444,394	444,394	N.A.	3.950	6/22/2018
007-02-ECA	MURRIETA VALLEY UNIFIED SCHOOL DISTRICT	1,075,354	1,036,459	N.A.	4.000	6/22/2015
847-000-ECX	O'CONNOR HOSPITAL	731,567	687,609	N.A.	3.000	6/22/2012
001-02-SMS	MONTEREY PENINSULA UNIFIED SCHOOL DISTRICT	1,946,466	1,754,070	N.A.	4.000	6/22/2014
006-03-ECA	CLAREMONT GRADUATE UNIVERSITY	91,067	81,900	N.A.	3.950	12/22/2008
001-03-ECB	CITY OF OAKLAND	182,270	182,270	N.A.	3.950	6/22/2020
001-03-EPP	MERCED COUNTY ASSOCIATION OF GOVERNMENTS	93,210	93,210	N.A.	3.950	12/22/2017
002-02-SMS	SANGER UNIFIED SCHOOL DISTRICT	232,400	221,173	N.A.	4.000	6/22/2009

<b>Loan Number</b>	<b>2005A Borrower</b>	<b>Final/ Authorized Loan Amount<sup>(1)</sup></b>	<b>Principal Remaining<sup>(2)</sup></b>	<b>Currently Drawn Amount<sup>(3)</sup></b>	<b>Interest Rate</b>	<b>Final Maturity Date<sup>(4)</sup></b>
003-02-ECB	COUNTY OF MENDOCINO	250,000	242,190	N.A.	3.950	12/22/2015
005-02-ECA	UNITED CEREBRAL PALSY ASSOCIATION, INCORPORATED OF SAN JOAQUIN, CALAVERAS AND AMADOR COUNTIES	\$40,000	\$36,013	N.A.	4.000%	6/22/2014
009-03-ECB	MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT	175,000	175,000	N.A.	3.950	6/22/2020
010-02-ECB	COUNTY OF MARIN	233,120	231,505	N.A.	3.950	6/22/2019
013-03-ECB	IRVINE VALLEY COLLEGE	2,000,000	2,000,000	N.A.	3.950	12/22/2018
014-03-ECB	COUNTY OF MARIN	154,042	139,124	N.A.	3.950	12/22/2009
015-03-ECB	CITY OF COMPTON	635,079	635,079	N.A.	3.950	6/22/2012
019-03-ECB	COUNTY OF BUTTE	2,777,000	2,777,000	N.A.	3.950	12/22/2018
022-03-ECB	CITY OF LA HABRA	1,080,000	1,080,000	N.A.	3.950	12/22/2018
030-03-ECB	COUNTY OF BUTTE	390,000	390,000	N.A.	3.950	6/22/2020
184-001-EPP	CITY OF GARDEN GROVE	300,000	255,984	N.A.	4.000	12/22/2013
336-009-SMS	CONEJO VALLEY UNIFIED SCHOOL DISTRICT	164,200	47,141	N.A.	5.900	12/22/2006
576-002-SMS	LOWELL JOINT SCHOOL DISTRICT	80,076	22,209	N.A.	4.430	6/22/2007
605-001-EPP	CITY OF FONTANA	450,000	250,025	N.A.	5.400	6/22/2008
723-000-SMS	GOLD OAK UNION SCHOOL DISTRICT	150,000	41,825	N.A.	4.430	6/22/2007
750-000-SMS	PRINCETON JOINT UNIFIED SCHOOL DISTRICT	55,647	18,681	N.A.	6.600	6/22/2007
806-000-SMS	ST. JOHN/BAPTIST CATHOLIC SCHOOL	7,760	6,055	N.A.	5.400	6/22/2012
824-001-EPP	COUNTY OF SONOMA	227,154	188,887	N.A.	3.000	12/22/2012
825-000-ECX	FULLER THEOLOGICAL SEMINARY	250,000	204,522	N.A.	3.000	6/22/2013
832-000-ECX	SIERRA VIEW DISTRICT HOSPITAL	140,000	108,889	N.A.	3.000	6/22/2009
845-000-ECX	LATROBE SCHOOL DISTRICT	22,300	21,724	N.A.	3.000	6/22/2015
846-000-ECX	CITY OF FAIRFIELD	2,002,821	1,748,827	N.A.	3.000	6/22/2013
863-000-ECA	EAST BAY MUNICIPAL UTILITY DISTRICT	1,991,945	1,738,458	N.A.	3.000	6/22/2013
867-000-EPP	CITY OF GARDENA	926,229	701,177	N.A.	3.000	6/22/2010
870-000-ECX	LOYOLA MARYMOUNT UNIVERSITY	1,125,000	985,121	N.A.	3.000	6/22/2012
873-000-ECX	WASHINGTON TOWNSHIP HOSPITAL	300,000	277,314	N.A.	3.000	6/22/2009
874-000-SMS	NORTHERN HUMBOLDT UNION HIGH SCHOOL DISTRICT	150,000	133,041	N.A.	4.000	6/22/2013
877-000-SMS	WILLITS UNIFIED SCHOOL DISTRICT	106,777	95,524	N.A.	4.000	12/22/2012

*Loans in Disbursement Phase*

001-02-EPP	CITY OF OAKLAND	\$ 270,968	N.A.	\$ 98,860	4.000%	6/22/2011
001-04-ECB	CITY OF TURLOCK	270,000	N.A.	0	3.950	6/22/2017
002-03-EPP	COUNTY OF ALAMEDA	2,564,600	N.A.	0	3.950	6/22/2021
003-02-EPP	COUNTY OF EL DORADO	800,000	N.A.	547,646	4.000	6/22/2014
006-02-ECA	LOYOLA MARYMOUNT UNIVERSITY	650,000	N.A.	482,755	4.000	12/22/2014
008-02-ECB	CALIFORNIA DEPARTMENT OF MENTAL HEALTH (NAPA STATE HOSPITAL)	1,704,391	N.A.	0	4.000	6/22/2017
010-03-ECB	CITY OF ESCONDIDO	1,107,890	N.A.	983,398	3.950	6/22/2021
012-03-ECB	EL MONTE UNIFIED SCHOOL DISTRICT	1,310,300	N.A.	730,455	3.950	6/22/2020
017-03-ECB	LOS ANGELES UNIFIED SCHOOL DISTRICT	1,361,930	N.A.	1,318,469	3.950	6/22/2013
024-03-ECB	TOWN OF LOS ALTOS HILLS	160,000	N.A.	0	3.950	12/22/2018
025-03-ECB	CITY OF WOODLAND	2,150,000	N.A.	102,972	3.950	6/22/2016
027-03-ECB	CITY OF FRESNO	2,661,000	N.A.	2,168,665	3.950	6/22/2018

<b>Loan Number</b>	<b>2005A Borrower</b>	<b>Final/ Authorized Loan Amount<sup>(1)</sup></b>	<b>Principal Remaining<sup>(2)</sup></b>	<b>Currently Drawn Amount<sup>(3)</sup></b>	<b>Interest Rate</b>	<b>Final Maturity Date<sup>(4)</sup></b>
033-03-ECB	COUNTY OF SAN DIEGO	3,000,000	N.A.	1,266,526	3.950	12/22/2015
034-03-ECB	CITY OF SAN BUENAVENTURA	\$208,000	N.A.	\$0	3.950%	6/22/2020
039-03-ECB	CITY OF PLACERVILLE	54,500	N.A.	0	3.950	12/22/2014
876-000-SMS	ANTELOPE VALLEY UNION HIGH SCHOOL DISTRICT	2,000,000	N.A.	145,876	4.000	12/22/2014

<sup>(1)</sup> For loans in repayment mode, this column shows the final loan amount. For loans in the disbursement phase, this column shows the authorized amount, which represents the maximum amount of principal that may be loaned.

<sup>(2)</sup> For loans in repayment mode, this column shows the outstanding principal of the loan. Loans in the disbursement phase will have final principal amounts determined at Project completion, in an amount not to be more than the indicated "Authorized Amount."

<sup>(3)</sup> For loans in repayment mode, the drawn amount was determined at Project completion and constitutes the final loan amount. For loans in the disbursement phase, the amounts shown represent invoices received as of April 5, 2005.

<sup>(4)</sup> Semiannual loan repayment dates are June 22 and December 22 of each year. Final maturity dates for 2005A Program Loans that are in the disbursement phase are estimated dates and could prove to be earlier or later depending on the completion date of the funded Projects. Pursuant to the Continuing Disclosure Agreement for the 2005A Bonds, the Energy Commission has agreed to provide an update to this Appendix A as part of its Annual Report.

Source: California Energy Resources Conservation and Development Commission.

**EXHIBIT B**  
**FORM OF BOND ISSUANCE CERTIFICATE**

**Relating to Issuance of**  
**\$36,955,000**  
**ENERGY EFFICIENCY MASTER TRUST REVENUE BONDS**  
**SERIES 2005A**

Pursuant to Section 202 of the Amended and Restated Master Trust Agreement ("Master Trust Agreement") dated April 27, 2005, between the California Infrastructure and Economic Development Bank ("Issuer") and J.P. Morgan Trust Company, National Association, as successor Trustee, the undersigned, a duly authorized Representative of the California Energy Resources Conservation and Development Commission ("Energy Commission Representative"), hereby certifies as follows. All capitalized terms not defined herein shall have the meanings shown in Appendix A to the Master Trust Agreement.

1. For each period ending on each Bond Payment Date (which shall be September 1 and March 1 of each year while the 2005A Bonds are outstanding), commencing with the period in which this certificate is delivered, the sum of expected: a) 2005A Program Loan Repayments (including amounts expected to remain on deposit in the 2005A Loan Repayment Account after a Bond Payment Date, to be applied to the payment of debt service on the immediately succeeding Bond Payment Date within the same Bond Year), b) earnings on amounts held in the 2005A Reserve Account, and c) amounts on deposit in the 2005A Surplus Repayments Account which are needed to satisfy the 110% coverage test for such period will be at least equal to 110% of the debt service payable on the 2005A Bonds, as shown in the schedule(s) attached hereto;

2. The Reserve Requirement for the 2005A Bonds is at least equal to maximum principal and interest due in any year for the Series 2005A Bonds, and the Reserve Requirement will be satisfied at closing;

3. No event of default in the payment of principal or interest on the Bonds currently exists with respect to any Series of Bonds; and

4. With regard to any pledged but not fully disbursed 2005A Program Loan amounts, the Energy Commission has encumbered an amount sufficient to complete the funding of all pledged 2005A Program Loans.

Dated this \_\_\_\_ day of \_\_\_\_, 20\_\_.

CALIFORNIA ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT  
COMMISSION

By: \_\_\_\_\_  
Energy Commission Representative

## SCHEDULE I TO BOND ISSUANCE CERTIFICATE

<u>Date<sup>(1)</sup></u>	<u>Estimated Program Loan Repayments<sup>(2)</sup></u>	<u>Estimated Earnings on 2005A Reserve Account</u>	<u>Estimated Amounts on Deposit in the 2005A Surplus Repayments Account</u>	<u>Series 2005A Bond Debt Service</u>	<u>Debt Service Coverage</u>
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<sup>(1)</sup> Semiannual debt service payment dates are September 1 and March 1 of each year. Assumes that no interest is earned on pledged Program Loan Repayments between the receipt of scheduled loan repayments and the corresponding Bond Payment Date.

<sup>(2)</sup> Assumes that the Energy Commission has encumbered an amount sufficient to complete the funding of all pledged but not fully disbursed 2005A Program Loans.

**EXHIBIT C**  
**FORM OF 2005A CASH FLOW CERTIFICATE**

**Relating to**  
**\$36,955,000**  
**ENERGY EFFICIENCY MASTER TRUST REVENUE BONDS**  
**SERIES 2005A**

Pursuant to Section 4.5 and 5.2 of the 2005A Secured Loan Agreement ("Agreement") dated as of May 1, 2005, between the California Infrastructure and Economic Development Bank ("Issuer") and the California Energy Resources Conservation and Development Commission ("Energy Commission"), the undersigned, a duly authorized Representative of the Energy Commission, hereby certifies as follows. All capitalized terms not defined herein shall have the meanings shown in Appendix A to the Agreement.

1. For each period ending on each Bond Payment Date, commencing with the period in which this certificate is delivered, the sum of expected: a) 2005A Program Loan Repayments (including amounts expected to remain on deposit in the 2005A Loan Repayment Account after a Bond Payment Date, to be applied to the payment of debt service on the immediately succeeding Bond Payment Date within the same Bond Year), b) earnings on amounts held in the 2005A Reserve Account, and c) amounts on deposit in the 2005A Surplus Repayments Account which are needed to satisfy the 110% coverage test for such period will be at least equal to 110% of the debt service payable on the 2005A Bonds, as shown in the schedule(s) attached hereto; and

2. The 2005A Reserve Requirement for the 2005A Bonds has been satisfied;

In determining expected 2005A Program Loan Repayments for purposes of this Cash Flow Certificate, no payments have been counted for any pledged 2005A Program Loan in payment default (as defined in the applicable 2005A Program Loan Agreement) at the time of calculation.

The Trustee is hereby instructed to transfer the amount of \$\_\_\_\_\_ from the 2005A Surplus Repayments Account for deposit into the Master Reserve Account held under the Master Trust Agreement.

Dated this \_\_\_\_ day of \_\_\_\_, 20\_\_.

CALIFORNIA ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT  
COMMISSION

By: \_\_\_\_\_  
Energy Commission Representative



## SCHEDULE I TO 2005A CASH FLOW CERTIFICATE

<b>Date<sup>(1)</sup></b>	<b>Estimated Program Loan Repayments<sup>(2)</sup></b>	<b>Estimated Earnings on 2005A Reserve Account</b>	<b>Estimated Amounts on Deposit in the 2005A Surplus Repayments Account</b>	<b>Series 2005A Bond Debt Service</b>	<b>Debt Service Coverage</b>
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<sup>(1)</sup> Semiannual debt service payment dates are September 1 and March 1 of each year. Assumes that no interest is earned on pledged Program Loan Repayments between the receipt of scheduled loan repayments and the corresponding Bond Payment Date.

<sup>(2)</sup> Assumes that the Energy Commission has encumbered an amount sufficient to complete the funding of all pledged but not fully disbursed 2005A Program Loans.

**EXHIBIT D**

**FORM OF REQUISITION FROM  
2005A COST OF ISSUANCE ACCOUNT**

Re: California Infrastructure and Economic Development Bank Energy Efficiency Master Trust Revenue, Series 2005A (the "2005A Bonds")

The California Infrastructure and Economic Development Bank (the "Issuer") hereby requests J.P. Morgan Trust Company, National Association, as trustee (the "Trustee"), under that certain Bond Indenture, dated as of May 1, 2005 (the "2005A Bond Indenture"), between the Issuer and the Trustee, relating to the above-captioned 2005A Bonds, to pay to the Persons listed on Schedule I attached hereto the amounts shown for the purposes indicated from the 2005A Cost of Issuance Account established pursuant to the 2005A Bond Indenture.

The Issuer hereby certifies that each item set forth on Schedule I is a proper charge against the 2005A Cost of Issuance Account.

Dated: \_\_\_\_\_, 2005.

CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK

By: \_\_\_\_\_  
Issuer Representative

**SCHEDULE I**

**2005A COST OF ISSUANCE ACCOUNT**

TO	AMOUNT	PURPOSE
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**EXHIBIT E**

**FORM OF OFFICER'S CERTIFICATE  
REGARDING ESTABLISHMENT OF SUBACCOUNT  
WITHIN 2005A BOND PROCEEDS ACCOUNT**

To: J.P. Morgan Trust Company, National Association, as trustee (the "Trustee") pursuant to that certain Bond Indenture between the California Infrastructure and Economic Development Bank (the "Issuer") and the Trustee, dated as of May 1, 2005 (the "2005A Bond Indenture")

Re: California Infrastructure and Economic Development Bank Energy Efficiency Master Trust Revenue Bonds, Series 2005A (the "Bonds")

Pursuant to Section 408 of the 2005A Bond Indenture, the undersigned, \_\_\_\_\_, an Energy Commission Representative, hereby notifies the Trustee that a Program Loan Agreement has been fully executed by [Borrower Name,] a Borrower, in the amount of \$\_\_\_\_\_, for Loan Number \_\_\_\_\_.

The Trustee is authorized and directed to transfer \$\_\_\_\_\_, the amount of such Program Loan, from the 2005A Bond Proceeds Account to a separate subaccount that the Trustee shall establish and maintain within the 2005A Bond Proceeds Account, designated the ["Borrower Name (Loan Number)] 2005A Bond Proceeds Subaccount."

Moneys on deposit in the [Borrower Name] 2005A Bond Proceeds Subaccount shall be disbursed by the Trustee to the Borrower upon receipt by the Trustee of a requisition of the Energy Commission in substantially the form of Exhibit E to the 2005A Bond Indenture.

Capitalized terms used but not defined in this Officer's Certificate shall have the meanings ascribed thereto in the 2005A Bond Indenture.

Dated: \_\_\_\_\_, 20\_\_.

**CALIFORNIA ENERGY RESOURCES  
CONSERVATION AND DEVELOPMENT  
COMMISSION**

By: \_\_\_\_\_

\_\_\_\_\_  
Energy Commission Representative

**EXHIBIT F**  
**FORM OF REQUISITION**  
**FROM**  
**2005A BOND PROCEEDS SUBACCOUNT**

Re: California Infrastructure and Economic Development Bank Energy Efficiency Master Trust Revenue Bonds, Series 2005A (the "Bonds")

The California Energy Resources and Development Commission (the "Energy Commission") hereby requests J.P. Morgan Trust Company, National Association, as trustee (the "Trustee"), under that certain Bond Indenture, dated as of May 1, 2005 (the "2005A Bond Indenture") between the Issuer and the Trustee, relating to the above-captioned Bonds, to disburse to [Borrower Name] \$\_\_\_\_\_ from the [Borrower Name (Loan Number)] 2005A Bond Proceeds Subaccount established pursuant to the 2005A Bond Indenture in accordance with the following instruction:

**[INCLUDE PAYMENT INSTRUCTIONS FOR DISBURSEMENT]**

The Energy Commission hereby certifies that the disbursement to [Borrower Name] in the amount specified in this requisition is a proper charge against the [Borrower Name] 2005A Bond Proceeds Subaccount.

Dated: \_\_\_\_\_, 20\_\_.

CALIFORNIA ENERGY RESOURCES AND  
DEVELOPMENT COMMISSION

By: \_\_\_\_\_

\_\_\_\_\_  
Energy Commission Representative